

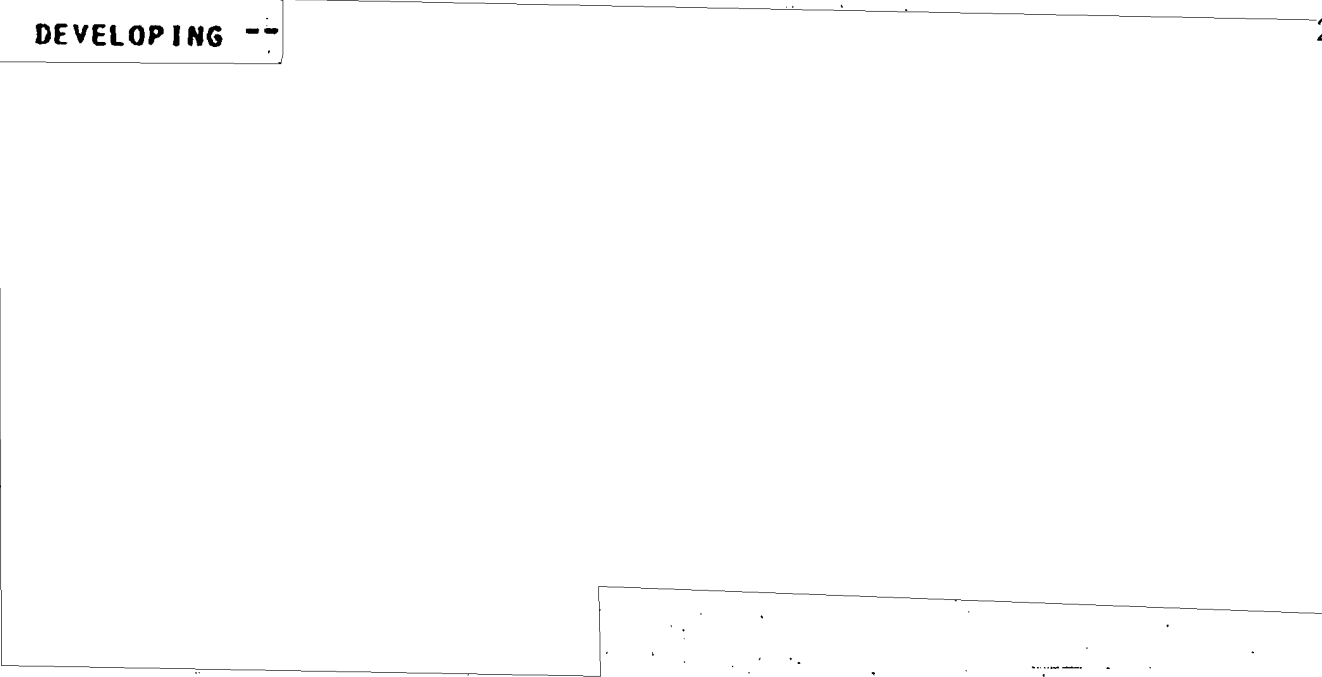
TOP SECRET

DCI
25 FEB 85, 1400*Change*
HOUSE APPROPRIATIONS DEFENSE SUBCOMMITTEE
26 FEBRUARY 1985

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

WE ARE HERE TO GIVE YOU AN OVERVIEW OF THE NATIONAL FOREIGN INTELLIGENCE PROGRAM BUDGET FOR FISCAL YEAR 1986. DURING THE 70s, WE LOST 50 PERCENT OF OUR PEOPLE AND 40 PERCENT OF OUR FUNDING. IN THE LATE 70s WE LOST HALF OF OUR ANALYSTS. THE IMPACT ON OUR NATION'S FOREIGN INTELLIGENCE CAPABILITIES, VIRTUALLY ACROSS THE BOARD, WAS SEVERE. HOWEVER, WITH STRONG BIPARTISAN SUPPORT FROM THE CONGRESS, THE RATE OF GROWTH IN THE INTELLIGENCE BUDGET IN RECENT YEARS HAS BEEN SIGNIFICANT.

OUR MAJOR CONCERN IS THE SOVIET UNION AND THE THREAT IT REPRESENTS TO OUR SECURITY AND OTHER INTERESTS AND THOSE OF OUR ALLIES. THIS HAS MANY DIMENSIONS. OF GREATEST CONCERN IS THE DAZZLING ARRAY OF NEW STRATEGIC WEAPONS WE SEE THEM DEVELOPING --



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ALSO, WHEN DEFENSE SPENDING IS CUT BACK THE VALUE AND NEED FOR INTELLIGENCE INCREASES. IT BECOMES THAT MUCH MORE IMPORTANT TO HAVE THE INFORMATION TO SPEND EFFECTIVELY AND WISELY. INTELLIGENCE IS A FORCE MULTIPLIER WHEN IT ENABLES COMMANDERS TO FOCUS AND MORE EFFECTIVELY USE THE FORCES AT THEIR COMMAND.

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YOU SEE THIS MOST CLEARLY IN CONVENTIONAL FORCES. THE WARSAW PACT FORCES HAVE TWO AND THREE TIMES THE TANKS, PLANES, GUNS AND SUBMARINES AS NATO. WE SEE THE SOVIETS PRODUCING ABOUT 3,000 TANKS EVERY YEAR IN FOUR NEW MODELS, ALL FOUR WITH LOW SILHOUETTES, HIGH SPEED, STRONG ARMOR, AND THE LARGEST TANK GUN IN THE WORLD TODAY. ALL CAN DEFEAT OUR M-1 TANK FRONTALLY AND CANNOT BE PENETRATED FRONTALLY BY CURRENT M-1 PROJECTILES. SIMILARLY, OVER THE PAST DECADE THE SOVIETS PRODUCED NUCLEAR SUBMARINES AT NEARLY DOUBLE THE RATE THAT WE DID. THEIR NEW ATTACK SUBMARINES ARE FASTER AND DEEPER DIVING THAN OURS AND THEY HAVE GREATLY REDUCED THE NOISE AND MAGNETIC SIGNATURES OF THEIR NEWER SUBMARINES. OUR RECENT INTELLIGENCE AND RESEARCH IN THESE AND OTHER CRUCIAL AREAS OF LAND AND SEA WARFARE HAS REVEALED THE THREAT OF OPPOSING WEAPONRY TO BE FAR GREATER THAN WE BELIEVED FOUR YEARS AGO.

INTELLIGENCE ON THE CAPABILITIES OF THESE WEAPONS HAS ENABLED US TO SAVE BILLIONS OF DOLLARS IN DEFENSE MONEY BY CANCELLING OR REDESIGNING OUR WEAPONS WHICH WE WERE ABOUT TO PUT IN PRODUCTION AND WHICH ENHANCED SOVIET CAPABILITIES WOULD HAVE MADE INEFFECTIVE OR EXCESSIVELY VULNERABLE.

OUR INTELLIGENCE ON SOVIET CAPABILITIES RESULTED IN CHANGES IN PROCUREMENT CHANGES WHICH SAVED US MORE THAN THE AMOUNT WE ARE ASKING FOR IN THIS BUDGET, NOT TO MENTION AVOIDANCE OF EMBARRASSING AND LETHAL VULNERABILITY. HERE

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ARE FIVE CHANGES IN THE SPENDING OF DEFENSE DOLLARS WHICH
SAVED BILLIONS OF DOLLARS:

- MODIFICATION OF THE F-14, -15, -16, AND -18 FIGHTER
AIRCRAFT WITH ELECTRONIC COUNTERMEASURES,
- LARGER WARHEADS AND GREATER ARMOR PENETRATION FOR TOW
ANTI-TANK WEAPONS, REDESIGN OF OUR ATTACK HELICOPTERS,
- HIGHER PENETRATION ROUNDS ON OUR TANKS,
- OUR BUILDING OF SIMULATED SOVIET AIR DEFENSE SYSTEMS,
- CANCELLATION OF AIR LAUNCHED CRUISE MISSILE PROGRAMS AND
REPLACEMENT BY A MORE ADVANCED AND LESS OBSERVABLE MISSILE.

WE HAVE SEEN THE SOVIETS OVER THE LAST TEN YEARS WITH
THEIR PROXIES ESTABLISH BASES AND PROJECT SUBVERSION AND
INSUR ENCY INTO TARGET COUNTRIES ON ALL THE CONTINENTS - IN
VIETNAM, CAMBODIA, AFGHANISTAN AND SOUTH YEMEN, IN ASIA, IN
ETHIOPIA, ANGOLA AND MOZAMBIQUE, IN AFRICA, AND IN CUBA AND
NICARAGUA IN OUR OWN HEMISPHERE.

THAT THREAT IS COMPOUNDED TODAY AS OTHER RADICAL STATES -
IRAN, LIBYA, SYRIA, NORTH KOREA - ATTACK THE INTERESTS OF THE
UNITED STATES AND ITS ALLIES AROUND THE WORLD, USING TERRORISM
AS AN INSTRUMENT OF FOREIGN POLICY. ALONG WITH THE TERRORIST
ORGANIZATIONS AND THE TRAINING CAMPS MAINTAINED BY COUNTRIES
ENGAGED IN THIS PRACTICE, WE MUST FOLLOW ALSO THE ARMS SMUGGLERS.

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WHO PROVIDE WEAPONS TO TERRORISTS AND INSURGENTS AROUND THE WORLD, THE NARCOTICS TRAFFICKERS WHO INCREASINGLY FUND TERRORISM AND SUBVERSION, THE TECHNOLOGY THIEVES AND THEIR HUNDREDS OF DUMMY CORPORATIONS SET UP AROUND THE WORLD FOR THIS PURPOSE, THE PROVIDERS OF NUCLEAR AND CHEMICAL KNOW-HOW AND COMPONENTS WHO FEED A GROWING PROLIFERATION OF NUCLEAR, CHEMICAL AND BIOLOGICAL WEAPONS, NOT TO MENTION THE ESPIONAGE AND PROPAGANDA APPARATUS THE SOVIETS, CUBA AND WARSAW PACT COUNTRIES MAINTAIN AT A LEVEL FOUR OR FIVE TIMES OURS. THIS TAKES TRAINED CASE OFFICERS. IT ALSO REQUIRES THAT, THROUGH OUR STATIONS AROUND THE WORLD, WE WORK WITH A GREAT MANY SECURITY AND INTELLIGENCE AGENCIES OF FRIENDLY COUNTRIES TO CONSTITUTE A WORLDWIDE NETWORK TO COUNTER THIS MOVEMENT OF BOMBS AND SECRETS, OF TECHNOLOGY AND GUNS, AND OF NARCOTICS AND NUCLEAR AND CHEMICAL CAPABILITIES ACROSS BORDERS. WE DO THIS THROUGH EXCHANGE OF INTELLIGENCE AND ANALYSIS, BY PROVIDING TRAINING AND TECHNICAL SERVICE TO THESE SERVICES. THERE IS NO WAY WE COULD COVER THE WORLD BY OURSELVES, BUT APART FROM THE KGB WE'RE THE ONLY SERVICE THAT CAN PUT IT TOGETHER ON A WORLDWIDE BASIS. WE HAVE BEEN IMPROVING AND CONTINUE TO IMPROVE OUR CAPABILITY IN ORDER TO WARN POLICYMAKERS OF POTENTIAL INSTABILITIES SUCH AS THAT WHICH SURPRISED US IN IRAN AND CONCERN US IN MANY COUNTRIES AROUND THE WORLD TODAY, AND PROVIDE THE POLITICAL, ECONOMIC, SCIENTIFIC AND TECHNICAL INTELLIGENCE NEEDED TO PROTECT OUR INTERESTS AND AVOID STRATEGIC SURPRISE.

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TO MEET THESE COMPLEX AND PROLIFERATING THREATS, I HAVE ALSO GIVEN HIGH PRIORITY TO MAJOR UPGRADES OF OTHER INTELLIGENCE FUNCTIONS--PARTICULARLY TO ANALYSIS, HUMAN INTELLIGENCE, AND COUNTERINTELLIGENCE. I FIRMLY BELIEVE THAT WE MUST NOT ALLOW INVESTMENTS IN TECHNICAL SYSTEMS TO GET OUT OF BALANCE WITH THE OTHER FUNDAMENTAL INTELLIGENCE FUNCTIONS THAT ARE NECESSARY TO PROCESS, INTERPRET, AND CORROBORATE THE RAW INFORMATION WHICH THE TECHNICAL SYSTEMS COLLECT. ONLY HUMAN INTELLIGENCE CAN GIVE US ACCESS TO THE INNER COUNCILS OF OUR ADVERSARIES AND DETERMINE THEIR TRUE INTENTIONS AND UNMASK DECEPTIVE ACTIONS. BY THE SAME TOKEN, SOVIET AND OTHER FOREIGN INTELLIGENCE ACTIVITIES ARE ON THE INCREASE, NOT ONLY IN THIS COUNTRY BUT WORLDWIDE. AND COUNTERINTELLIGENCE IS ESSENTIAL IF WE ARE TO BOTH GUARD OUR SECRETS AND PREVENT OUR COLLECTORS FROM BEING DECEIVED BY OUR ADVERSARIES. RESOURCES COMMITTED TO THESE FUNCTIONS IN RECENT YEARS HAVE LARGELY CORRECTED PAST IMBALANCES, AND THE CHALLENGE FOR THE FUTURE IS TO MAINTAIN THIS EQUILIBRIUM.

ANOTHER AREA WHERE I HAVE CONCENTRATED MY EFFORTS HAS BEEN TO IMPROVE THE INTELLIGENCE SUPPORT TO OUR MILITARY COMMANDERS IN THE FIELD. WE HAVE TAKEN CONCRETE STEPS TO MAKE THE OUTPUTS OF OUR NATIONAL COLLECTORS AVAILABLE TO THEATER COMMANDERS AND ARE WORKING HARD WITH THE DEPARTMENT OF DEFENSE TO STREAMLINE DATA FLOWS AND IMPROVE COOPERATION BETWEEN THE NATIONAL AND TACTICAL INTELLIGENCE ELEMENTS. 0

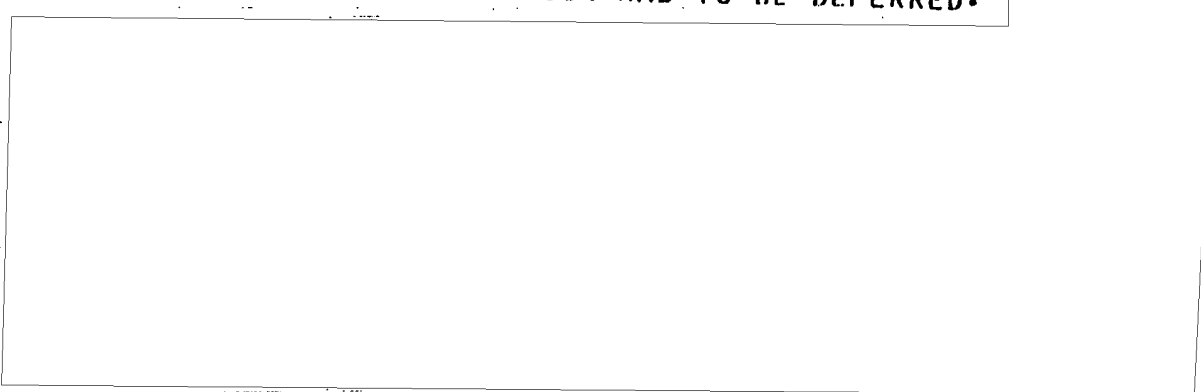
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IN SORTING THROUGH THE COMPETING PRIORITIES IN OUR FY 1986 BUDGET REQUEST, WE HAVE HAD TO MAKE A NUMBER OF DIFFICULT CHOICES IN ORDER TO STRIKE BALANCE AMONG SUSTAINING PAST COMMITMENTS, MEETING NEW INTELLIGENCE DEMANDS, AND KEEPING BUDGET GROWTH WITHIN REASONABLE BOUNDS. THE RESULT IS A BUDGET REQUEST THAT I AM CONFIDENT PLACES PROPER EMPHASIS ON THOSE AREAS THAT WILL BE OF GREATEST CONCERN TO POLICYMAKERS THROUGH THE END OF THE DECADE AND INTO THE NEXT.




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ALTHOUGH THE NFIP WAS PERMITTED TO GROW AT A HIGHER RATE THAN OTHER GOVERNMENT PROGRAMS INCLUDING DEFENSE, THERE ARE SIGNIFICANT UNDERTAKINGS WHICH HAD TO BE DEFERRED.



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CONSIDERATION IS BEING GIVEN IN THE FY 1987 BUDGET REVIEW TO RECONSTITUTING SOME OR ALL OF THE SURVIVABILITY INITIATIVES DELETED DURING THE FY 1986 BUDGET PROCESS.

I WILL NOW ASK  TO PROVIDE A MORE DETAILED REVIEW OF THE FY 1986 BUDGET.

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